

Identification of Savings Opportunities

ABC model analysis begins with a comparison of the distribution of resources consumed by secondary, overhead-type activities versus the amount consumed by the organization's primary, core mission type activities. Once this analysis is completed the next step normally focuses on a review of the highest cost activities within the organization and determining ways to identify and implement efficient ways to deliver them. Various savings opportunities were identified

throughout the ABM effort. Those opportunities have been categorized as either Organizational Sustaining Activities in the near term or Base Process Areas in the long term.

Organizational Sustaining Activities

As is the case with most initial models, certain functional areas did not allocate sufficient costs to their organizational sustaining activities. Others may have allocated more costs than necessary. These issues and others will require managers to review and improve their model structure and data. There are a vast amount of dollars being spent on secondary, organizational sustaining activities. Organizational Sustaining costs should be contained to no more than 10-15% of a functional area's total expenditures. However, when considering several of the functional areas by themselves, some were consuming as much as 40% of their resources just to sustain their organization. Across all base functional areas the amount of cost in each organizational sustaining area captured in the Quantico initial model is as follows:

• Perform Military Duties	\$ 3,654,142
• Perform Budgeting Duties	\$ 837,540
• Perform Accounting Duties	\$ 854,925
• Perform Personnel Actions	\$ 1,348,492
• Maintain IT Systems	\$ 974,227
• Perform Housekeeping	\$ 1,237,071
• Manage Supplies	\$ 1,253,667
• Conduct Training	\$ 1,881,175
• Maintain Equipment	\$ 1,310,915
• Generate Reports	\$ 1,320,370
• Maintain Grounds	\$ 3,317,528
• Liaison with External Agencies	\$ 1,889,785
• Perform Other General Administration	\$ 3,725,331

Consolidation opportunities may exist in a number of these areas that have the potential of producing benefits as a result of either standardization or eliminating unnecessary layers of bureaucracy. Experience has shown that savings of between 5-20% are achievable by using ABM tools to marginally improve activities. Although each area should be reviewed, the following areas appear to lend themselves more readily than others for consolidation:

- Maintain IT Systems
- Conduct Training
- Maintain Equipment

These three areas have the potential of saving Base Quantico from \$208,000 to \$833,000 even with marginal improvements. Generally, however, much larger savings result from consolidation and could generate from 25% to 50% of the original decentralized costs. If we conservatively estimate consolidation savings in the areas above, they have the potential of saving Base Quantico \$1,041,579.

An analysis of the activity called 'Perform Personnel Actions' revealed that many of the personnel actions performed within organizations are redundant, take more time than they should, wait in queues and use higher-graded personnel than needed because of the bureaucratic structure. CONAD was actually transferred from Security Battalion to Manpower (G-1) and yet Security Battalion personnel spend a considerable amount of time still performing that work. An estimated 10-20% savings could result by streamlining and consolidating personnel functions. The potential savings range from \$135K to \$270 K.

'Perform Housekeeping' and 'Maintain Grounds' are two activities that are performed by Marines in their normal duty day. While the mission of the Marine Corps is to prepare Marines to fight, there appears to be a quandary as to what to do with the young troops when they are not fighting. As a result, they are engaged in activities that do not use their talents or are seen as less than challenging. The result is two high cost activities whose resources could be transferred to support core activities if a decision were made to train young Marines in critical skill sets that were essential to the function and running of the Corps. The potential savings in this area range from \$455K to \$910 K.

'Manage Supplies' is an activity that was troublesome for most organizations. Many of the organizations were spending more money managing their supplies than the value of their supplies. The result of the functional area workshops was that managers know they are spending too much managing their supplies but feel it is inevitable based on the Supply System under which they work. Analysis of this activity suggests that a potential savings of \$125K to \$250 K is realizable by improving the supply process.

'Generate Reports' is an area that aggravated most of the functional area managers. The managers stated that the reporting requirements are burdensome, usually regulated and far more than what is necessary. Some of the managers knew that their reports were not even read. This activity begs a review by a Process Improvement Team composed of a cross-section of functional representatives and higher managers who ask for the reports. If suggestions for improving the reporting process are realized, as we believe they can be through deletion of unnecessary reporting requirements and consolidating or modifying the types of reports, a potential savings of \$130K to \$260K exists.

Long Term Savings Opportunities

Base Process Analysis

During the analysis of the model and discussions with workshop participants several major areas of concern have been identified that, with focused attention and the application of process improvement techniques, can significantly improve the quality and delivery of base services while improving base wide communications. They are:

Base Supply System

The base Supply System is not adequately supporting base organizations. Most functional areas reported that they are experiencing difficulty in promptly obtaining supplies and services. Participants stated that they receive minimal assistance from the organizations involved in the supply process in resolving issues. Managers are frustrated with the amount of time it takes to obtain essential supplies and services. Their main frustration was on the length of time that it takes to receive the supplies or services once requested. This problem includes purchase and contracting requests for items in excess of the \$2,500 IMPAC Card limit. Workshop participants appear to need training and written information on their options (e.g. Base Supply System versus Purchasing & Contracting (P&C) System versus IMPAC Card). They also need to know the length of time that each option should take to receive the item and other relevant information and measures that will assist them in better understanding the process and improving their input, planning and communication with supply and P&C process administrators.

Standard Operating Procedures

Standard Operating Procedures (SOPs) do not exist in many functional organizations for several processes such as credit card use and reconciliation. The demands of the job preclude managers from developing SOPs for standard, repetitive processes and issues that would greatly improve the amount of time their staffs dedicate to dealing with the same recurring issues. In many organizations various layers of management time are spent on problems that could be solved by SOPs and by empowering people to solve lower level problems. Managers and staff should benchmark with other similar USMC bases to obtain sample SOPs that can be used as a basis to develop Quantico specific procedures.

Inter Service Support Agreement (ISSA)/Memorandum of Agreement (MOA) Process

There appears to be no established standard or formalized process to deal with supporting tenant units and ensuring that appropriate reimbursable costs are identified and received. Although ISSAs and MOAs are negotiated, written and agreed to by base activities, there is no consistent way of monitoring compliance with the agreements nor a way to make sure that reimbursements are correctly and fully paid. Procedures should be developed and communicated to all affected functional managers. to ensure that proper documentation, coordination and follow-up take place. Furthermore, it is important that functional managers and their staffs periodically review the ISSA/MOA terms and fees and work closely with the comptroller staff to ensure that all reimbursable fees are collected.

Customer Service Feedback Process

Most base organizations do not have a customer feedback system in place that will provide them with customer input on the quality and efficiency of their service delivery. Although this

is a high priority of the Commanding General, establishing a tool to evaluate each organization's performance as accessed by their customers and communicating that priority throughout the management chain and down to the "wrench turner" appears not to have taken place. As a result, the "wrench turner" is not concerned with reducing cycle time or meeting the customer's needs the first time he makes a "house call." Also management is not able to truly evaluate whether they are achieving their desired high quality of service to base and tenant customers. Developing a customer service questionnaire and periodically publishing the feedback normally assists organizations in determining areas that require attention and provide operational staff and managers with incentives to improve their service delivery.

Communications

Communications between and among base functional staffs is a major problem. The politics of getting things done within the current base structure and dealing with the tenant commands does not lend itself to accomplishing the base mission of properly supporting all base organizations in the most efficient and effective manner. Several workshop participants, from all management levels, reported that they have on numerous occasions recommended better ways of accomplishing their jobs to their superiors, but seldom received feedback on their suggestions. Some mid-level managers perceive there is reluctance to surface issues to the command leadership or to broach changes in services reimbursement issues with tenant commands. Continued command attention and emphasis to improve communication and cooperation among all base staffs and commands will identify significant improvement and savings opportunities.

Transient Personnel

Transient personnel are being reflected in their functional organization with no benefit to the organization. These include persons on the wrestling team, appellate leave, etc., that provide minimal or no value to the accomplishment of the mission of the assigned staff.

Emergency Dispatch Services

Dispatch services on the base are decentralized. As a result, the Fire Department has a different procedure for responding to emergency requests than does Military Police. There are even different phone numbers for each service. Different training is given to the different functional personnel. This is an area that has a high potential of liability for the USMC, Commanding General and base staffs. Consolidation of emergency dispatch services and coordination of training in these areas could save substantial base operating costs, improve response time and reduce the potential for litigation and liability costs.

Government Commercial Purchase Card (IMPAC Card)

IMPAC Cards are not being properly administered and consistently used on the base. While some organizations are using the IMPAC Cards to obtain required supplies and material more

rapidly, the original purpose and intent of the card, some organizations are struggling with how to manage the administration of the cards and reconcile expenditures. One of the largest base organizations stated that they are struggling with tracking costs pertaining to each individual card purchase. The branch head of another base staff element, on the other hand, uses the credit card effectively, but experienced a \$23 error that he stated took about a week to reconcile. That is far too much time for a manager to spend on a problem. In both instances, training and a published SOP would assist each organization in improving their implementation and monitoring of IMPAC Card usage.

“Boss Wants” Perception

Many mid-level managers and first line supervisors stated there is a perception by upper management that when a senior base official comments, not necessarily directs or commands, that he may want or desire something to happen it is different than what he really wants. Perceived ‘wants’ are interpreted into emergency or urgent requests and work orders that are delaying true urgently needed work. This costs the base additional resources in rework, not to mention customer and staff frustration. Communication is the key to understanding what the general and other senior base leaders want and developing a climate that permits appropriate questioning of ‘requests’ are essential. There must be a climate for clarification without fear of retribution. There are systemic problems on the base that would benefit greatly by having Process Action Teams (PAT) attack the most efficient and effective way of accomplishing a task.

Layers of Bureaucracy

Layers of bureaucracy cause frustration and added costs. Many functional area managers were reluctant to write SOPs because of the perceived layers of bureaucracy that exist on Quantico that have to review and approve written policies and procedures. At issue is not the need to ensure that procedures are properly and effectively articulated. Rather the delay in obtaining final approval and the frustration in dealing with multiple staff levels that simply focus on grammar and syntax issues while missing the opportunity to resolve the problem being addressed are at the crux of the problem.

These base processes impact most base functional staffs as seen on the chart on page 11. The pertinent base process is named across the top of the matrix, while those functional area managers who indicated having difficulty with the process, listed down the left-hand side, are identified with a check mark. The check marks identify targets of opportunity for process improvement.

Finally, as more models are completed across USMC installations, benchmarking will be a key tool to use in improving your processes. Common processes across bases can be compared and opportunities for improvement will be identified. In addition, practices in other industries should also be investigated and used in benchmarking efforts. Quantico manager’s use of the

benchmarking technique is minimal at best. Communicating with other Marine Corps or Defense Department installations can provide information that can significantly improve the manner and quality of services being delivered. By identifying other professional sources and implementing proven ways to reduce costs, continuous improvement will begin to take place. Also, base managers should seek information on companies known for being the 'Best in their Class' even if they create a different product. They are likely to have some similar processes in which you can gain knowledge to apply where appropriate.

The ABC model can also help the USMC look for opportunities for regionalizing. Although this effort cannot be accomplished at this base in isolation, Quantico may play a role in the examination of these initiatives. By having a current model, cost and activity data can easily be provided to the regionalizing project teams. Models can also be updated to determine impacts of project team changes before implementation.